

# Member News

Winter 2007

## Solid Progress



The last 21 months have been a time of significant progress at PERF, including our first unqualified audit opinion from the Indiana State Board of Accounts since the 2002 fiscal year.

In this issue of *Member News*, you will learn how this progress translates into improved Fund performance and services for you, our customer.

In addition, I invite you to visit our website to view a copy of PERF's most recent annual report. The cover and section headings of this report feature real Hoosiers whose lives were made a little better thanks to the many improvements at PERF.

To view the annual report, go to PERF Interactive ([www.perf.in.gov](http://www.perf.in.gov)) and select *Investments*.

Sincerely,

David Adams  
Executive Director

## PERF TURNAROUND LEADS TO CLEAN FINANCIAL OPINION

Awarded first unqualified opinion since 2002 fiscal year

A strong 18-month turnaround has led to the first unqualified audit opinion in four years for the Public Employees' Retirement Fund (PERF) of Indiana. The Indiana State Board of Accounts (SBOA) issued the unqualified opinion on PERF's financial statements on Oct. 26 for the fiscal year ending June 30, 2006. This is PERF's first unqualified opinion since the 2002 fiscal year.

An unqualified opinion of a financial statement concludes that an institution has followed all accounting rules appropriately and the financial statements are an accurate representation of the financial condition of the organization.

PERF received qualified opinions from the SBOA in fiscal 2003, 2004 and 2005. When new management arrived at PERF in late fiscal year 2005, it aggressively attacked the SBOA findings. The result was a significantly improved 2005 audit leading to the unqualified opinion for 2006.

"Our members, retirees and employers deserve a well-managed financial organization and that's exactly what we set out to create in 2005 after Gov. Daniels appointed me to this position," said Executive Director David Adams. "When I arrived in 2005, the auditors identified serious issues with managing our finances. Our leadership aggressively implemented a plan to improve the situation and I'm extremely pleased with the result."

While PERF received an unqualified opinion, it continues to focus on organizational improvement, technology upgrades, and improved internal control processes and procedures. "We can't stop with an unqualified opinion on our financials," Adams said. "We will continue to move ahead with enhancements to our systems and processes that ultimately will result in improved service for our customers."

## Investment Returns Exceed Benchmark at PERF

Public Employees' Retirement Fund investments delivered a 3.7 percent quarterly return, adding \$486 million to the fund during the quarter ending Sept. 30. The annual rate of return for the period was 9.8 percent, surpassing the agency benchmark of 9.4 percent.

"This was a solid quarter for PERF with nearly 80 percent of our active managers exceeding their benchmarks," said Executive Director David Adams. While Adams is pleased with the quarterly performance, he noted that PERF's investment strategy focuses well beyond quarterly returns with a mix of equity, fixed income and alternative investments. "Our investment strategy focuses on layering investments over time and across a range of investment classes," Adams said. "This prudent approach helps us avoid absorbing the impact of significant market swings in only a single class of investments."



## Q&A

**Q. I worked for many years in a PERF-covered position and now I work for a private company. I meet PERF's age and service criteria for retirement. Can I continue to work and collect my PERF pension?**

**A. Yes.** Circumstances in which members may continue to work while receiving PERF benefits include:

- 1) If you work for a non-PERF-covered employer and meet all other retirement eligibility standards.
- 2) If you are in a PERF-covered position and at least 70 years old with 20 years of creditable service.

If you wish to work while receiving PERF retirement benefits, the following guidelines apply:

### **PERF-Covered Position**

- A 90-day separation from employment is required to begin receiving PERF benefits. This 90-day period begins at your effective retirement date. Your effective retirement date is the first day of the month in which you begin receiving retirement benefits. *This provision does not apply if you are at least age 70 with 20 years of creditable service.*
- If you are younger than Social Security's normal retirement age and you become re-employed in a PERF-covered position, you may earn up to \$35,000 per calendar year. Once your income reaches that amount,

## Members Benefit from Customer Service Focus

Education, communication efforts help members navigate the retirement process

**A** strong focus on communication and education has helped new retirees receive benefits faster and with fewer interruptions in pay, according to the Fund's quarterly scorecard.

As of Sept. 30, 91 percent of those who submitted a retirement application to PERF had no interruption in pay between their last paychecks as public service employees and their first retirement checks.

PERF Executive Director David Adams credits this customer service achievement to significant internal improvements, as well as strong communication and education efforts. These efforts include PERF's *Bridge to Retirement*, a guide members can utilize to achieve a smooth retirement experience. The process is also supported by pre-retirement workshops conducted throughout the state.

"Our focus on customer service is getting results for our members," Adams said. "While we still have members who don't follow the process, our education, communication and internal improvements have helped most members to move seamlessly from employment to retirement."

PERF's quarterly scorecard also showed solid performance in online transactions, annuity savings account distributions and investments. To view the scorecard, go to our website ([www.perf.in.gov](http://www.perf.in.gov)) and select *News Center*.

your benefit will be suspended until the beginning of the next calendar year.

- No earnings limitation applies if you are over Social Security's normal retirement age.

### **Non-PERF Position**

- There is no separation period

required if you work for a non-PERF employer.

- No earnings limitation applies to non-PERF-covered positions.

If you have any questions, please call us, toll-free, at (888) 526-1687 or visit us on the web at [www.perf.in.gov](http://www.perf.in.gov).

## Coming Soon Online: Actual Service Data and Two New Calculators

In addition to the services already available for registered users of PERF website, these members will soon gain access to two powerful retirement planning tools. Beginning in February, registered members will be able to estimate benefits and service credit purchases with online calculators that use their actual PERF service data.

These calculators will only be available to registered users. To register and access these features, go to [www.perf.in.gov](http://www.perf.in.gov), click the "Log in Here" button and follow the instructions. After you provide an e-mail address and choose a password, PERF will mail a personal identification number (PIN) to the address we have on file. If you need to update your address information prior to registering, you may download an address change request form and send it to PERF.

In addition to the new calculators, PERF's website offers registered users many other features, including the ability to:

- Edit your beneficiaries.
- Change your Annuity Savings Account investment options.
- Change your address or your beneficiary's address.
- View your quarterly statements online.
- Choose to receive your statement by U.S. Mail, email or both.

PERF's website also has convenient tools for registered retirees. The services offered to members and retirees will continue to expand over the next year. To explore PERF's website, visit us at [www.perf.in.gov](http://www.perf.in.gov).

### Lost your PIN?

If you've lost your PIN, you can register again at [www.perf.in.gov](http://www.perf.in.gov) to receive a new one in the mail. If you never received your PIN, please call us, toll-free, at (888) 526-1687 to confirm that the address we have on file is accurate.



## Indiana Retirement Benefits Rank as High as 9th in the Nation

Indiana employees' overall retirement benefits are comparable to those available to public employees across the nation. In most cases, Indiana ranks near the middle of all 50 states when looking at the percent of an employee's final salary that is replaced by a retirement benefit.

These are among the findings in a study prepared by Indiana's Legislative Services Agency for the state's Pension Management Oversight Commission (PMOC). The study, presented to the commission in October, considered employee benefit levels as well as total employer and employee contribution amounts.

While considering a variety of age, service and income scenarios under which a member could retire, the study concluded that the percent of an employee's final salary that is replaced by a retirement benefit ranked as high as ninth in the nation.

The study considered potential benefits from several sources, including Indiana's defined benefit (pension), defined contribution (annuity savings account), and deferred compensation (Hoosier S.T.A.R.T.) funds, as well as federal Social Security.

The detailed study can be found online at: <http://www.in.gov/legislative/publications/PensionStudyReport.pdf>.

# PLANNING & EDUCATION



## Navigate the Road to Retirement

Retirement can be an intimidating milestone in your life. PERF's Pre-Retirement Workshops help our members easily traverse this rough terrain.

If you are within one year of retirement, our workshops provide an excellent road map to a smooth retirement. In two hours, we'll help you make a careful assessment of whether you are ready to retire, review your potential PERF benefits and walk you through the application process itself.

Contemplating retirement in the next year? Please refer to one of the many workshops near you. To view a list of workshops and notify us of your interest to attend, go to [www.perf.in.gov](http://www.perf.in.gov), click on "Workshops" and then click "Sign Up for a Workshop." You may also call us, toll-free, at (888) 526-1687 to get more information and register for a workshop in your area.

## The Bridge to Retirement Outlines Your Retirement Timeline

Did you know that you must submit your retirement application no later than six months before your retirement date? Our *Bridge to Retirement* brochure explains this and other important steps for PERF members within two years of retirement. To obtain a copy of this helpful pamphlet, go to [www.perf.in.gov](http://www.perf.in.gov) and click the *Bridge to Retirement* icon or call us, toll-free, at (888) 526-1687.

## Dates to Remember

If Retirement Date Is:	Application Deadline:
Aug. 1, 2007	Feb. 1, 2007
Sept. 1, 2007	Mar. 1, 2007
Oct. 1, 2007	Apr. 1, 2007
Nov. 1, 2007	May 1, 2007
Dec. 1, 2007	Jun. 1, 2007



For a list of pre-retirement workshops near you, go to

**[www.perf.in.gov](http://www.perf.in.gov)**

click on "Workshops"

and then click

"Sign Up for a Workshop"



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